

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6067**

**BILL NUMBER: SB 9**

**DATE PREPARED:** Oct 21, 2001

**BILL AMENDED:**

**SUBJECT:** Restructuring of Dog Tax.

**FISCAL ANALYST:** John Parkey

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill transfers the duty to collect and administer the Dog Tax from the township assessors, township trustees, and Auditor of State to a licensed veterinarian or animal welfare facility designated by the township assessor or trustee. The bill defines "animal welfare facility" and "designee". It also requires the State Veterinarian to design the dog tag.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** *Cost of Manufacturing Dog Tags:* Under current law, the manufacture of dog tags is paid for with funds from the State Dog Account. This bill changes the source of funding to the state General Fund. Based on data from FY 2000 and FY 2001, ***this bill will increase General Fund expenditures by approximately \$57,500.*** Dog tags are manufactured by the Indiana state prison system.

*Office of the Auditor of State:* This bill changes the methods of collection and distribution of the Dog Tax such that the Auditor of State will no longer be involved in its administration and distribution. The bill also removes the Auditor of State from the responsibility of designing and distributing dog tags. These provisions are expected to cause a minor reduction in the administrative workload of the Auditor's Office

*Office of the State Veterinarian:* The bill transfers the responsibility of designing and distributing dog tags from the Auditor's office to the State Veterinarian's office. The State Veterinarian's office is expected to absorb any costs associated with this provision.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Under this proposal, a township assessor would be required to designate either a veterinarian or an animal welfare facility to collect the dog tax and maintain a township dog fund. Money in the fund will be used to pay damages sustained by owners of certain livestock by dogs

or to pay for the treatment of persons infected with rabies by a dog. If there is insufficient revenue in the township dog fund to pay any such claims, the bill requires claims be paid from the township general fund. While the exact impact of this provision on township general funds is undeterminable, in FY 2001 the state dog fund reimbursed eight counties for unpaid claims. The value of these claims ranged from \$200 to \$2,329.

Aside from any audits made by a County Auditor of the receipts and the distributions made by a township designee, this bill removes the county and state level administration and management of dog tax collections. The bill will also remove the administrative burden of the collections and administration of claims from the township assessors and trustees.

**Explanation of Local Revenues:** *Townships and Counties Dog Tax Administration:* Collections of the Dog Tax by townships are first used to pay damages sustained by owners of certain livestock by dogs or to pay for the treatment of persons infected with rabies by a dog. Townships then are required to submit Dog Tax collections in excess of \$300 to their county auditor for deposit into the county dog fund. Distributions are then made on an annual basis to townships for unpaid claims or, in certain cases, to designated animal shelters. Counties then annually remit any surplus revenue to the State Auditor. The State Auditor uses the money to maintain a balance in the State Dog Fund of \$50,000. The remaining surplus is used as follows: (1) to reimburse the state's expenses for dog tag purchases, (2) to reimburse county auditors who have township trustees with unpaid claims, and (3) to distribute 50% of any remaining balance (up to \$100,000) to Purdue Veterinary School for canine research. The remaining balance is returned to county general funds in proportion to the county's contribution to the State Dog Fund. This bill restructures the distribution scheme so that the designee in a township is required to distribute any surplus revenue to Purdue University for canine research on a yearly basis. ***County general funds will receive less revenue as a result of this proposal.*** In FY 2001, Indiana counties received a total of approximately \$96,700 from the distribution of surplus Dog Tax funds.

*Dog Tax Administration Fees:* Under current law, a township assessor or trustee may retain \$0.50 for each dog license issued. If the administrative fee is retained by the township assessor, the fee is deposited into the county general fund. If the fee is retained by a township trustee, it is deposited into the township general fund. Current law also allows a township assessor or trustee to designate one or more licensed veterinarians to issue dog licenses, collect the tax, and retain a \$0.75 fee for their service. The bill *requires* township assessors or a trustee to designate a licensed veterinarian or animal welfare facility to collect the tax. It also allows the designee to retain a \$0.75 administrative fee for each license sold.

The bill will decrease the revenue that counties and townships receive from retaining the dog license administrative fee. According to a survey of the Local Government database, only two counties expected revenue from this fee in CY 2001: Lake (\$10,000) and Daviess (\$100). At the township level, 232 expected some revenue from the administrative fee. Of these, 156 expected less than \$100, 20 expected more than \$1,000, and seven expected more than \$5,000.

*Humane Societies:* Under current law, counties may approve one humane society to receive \$0.50 from each Dog Tax payment. This bill will remove this provision.

*Purdue University:* Under current law, Purdue receives a portion of any surplus tax revenue (up to \$100,000) for canine research. The distribution to Purdue was \$96,700 in FY 2001. This bill will likely increase the distributions made to Purdue as it would require the township designee to send any Dog Tax collections, less claims payable, to Purdue annually.

**State Agencies Affected:** Auditor of State; Office of the State Veterinarian, State Board of Animal Health.

**Local Agencies Affected:** Township assessors, trustees; County Auditors; Purdue University.

**Information Sources:** Dog Fund Report, Auditor of State; Local Government Database.